

Message Text

SECRET

PAGE 01 AMMAN 00672 031250Z
ACTION SS-25

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S E C R E T AMMAN 0672

EXDIS

E.O. 11652 GDS
TAGS: PFOR MASS JO SA US
SUBJECT: HAWK PAYMENT PROBLEMS

REF A) JIDDA 0916 B) STAE 024248

1. SUMMARY: WHAT WAS A SERIOUS MISUNDERSTANDING IN REFTEL (A)
NOW APPEARS AFTER CARRYING OUT INSTRUCTIONS REFTEL (A)
TO BE SHAPING UP INTO A MONUMENTAL MISUNDERSTANDING.
IN SHORT PRIME MINISTER SAYS THT \$140 MILLION WAS RECEIVED
FROM SAUD ARABIA SOME MONTHS AGO AFTER A PLEA FOR MORE BUDGET
AID. SINCE JORDANIANS THEN CHECKED WITH SAUDIS THAT HAWK
PAYMENTS WERE GOING TO BE MADE DIRECTLY TO US AND \$140 MILLION
SAUDI PAYMENT HAS NOW BEEN SPENT BY GOJ OT OFFSET ITS 1976
(CALENDAR) BUDGET DEFICIT AND IS THUS NOT AVAILABLE FOR
DEPOSIT AS REQUESTED. END SUMMARY

1. AFTER RECEIVING REFTEL I WAS IN TOUCH INITIALLY WITH
JAP CINC LT GEN SHERIF ZAYD BIN SHAKER. HE TOLD ME THAT
HE HAD HEARD THAT THE SOME OF \$140 MILLION HAD BEEN RECEIVED.
HE SAID HE COULD NOT TELL ME ITS PURPOSE OF WHETHER IT HAS
BEEN USED, AND ASKED ME TO SEE THE PRIME MINISTER MUDAR
BADRAN.

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3. BADRAN SAW ME A FEW HOURS OF MY REQUEST FOR AN
APPOINTMENT. I REFERRED TO MY TALK WITH BIN SHAKER. I
THEN SET OUT FOR HIM THE CIRCUMSTANCES OF THE MISUNDERSTANDING
AS DESCRIBED REFTELS AND ASKED HIM TO MAKE THE DEPOSIT.

4. BADRAN SAID THAT HE WAS DISTURBED TO HEAR THE NEWS I
HAD BROUGHT. IN EFFECT THE FUNDS HAD BEEN SPENT TO MEET

JORDANS 1976 BUDGET DEFICIT WHICH IN TOTAL AMOUNTED TO OVER \$210 MILLION. HE THEN EXPLAINED THE CIRCUMSTANCES.

5. SHORTLY AFTER BECOMING PRIME MINISTER IN JULY 1976 BADRAN AND KING HAD VISITED SAUDI ARABIA. BADRAN IN A PRIVATE SESSION WITH SAUDI CROWN PRINCE FAHD EXPLAINED THAT JORDAN HAD A BUDGET DEFICIT OF OVER 70 MILLION JD (OVER \$210 MILLION) IF HE HAD KNOWN THIS HE WOULD NOT HAVE BECOME PRIME MINISTER. HE ASKED FAHD FOR TWO THINGS: (A) WHATEVER HELP SAUDI ARABIA COULD GIVE AND (B) A LETTER TO THE KUWAITIS FOR HELP. THE LETTER HAD BEEN WRITTEN. FAHD PROMISED ALL HELP AND TOLD BADRAN NOT TO WORRY. SOMETIME LATER THE TIMING IS NOT CERTAIN A CHECK FOR \$140 MILLION ARRIVED WITH NO INDICATION OF ITS PURPOSE. BADRAN ASSUMED IT WAS FOR BUDGET SUPPORT BUT WAS WORRIED IT BEING A HAWK PAYMENT. HE THEN CHECKED WITH RASHAD PHARAON AND SAUDI FINANCE MINISTER AS TO HOW HAWK PAYMENTS WERE TO BE MADE. HE WAS TOLD DIRECTLY TO THE U.S. THIS POINT LATER CONFIRMED TO US BY HIM IN JANUARY 1977(AMMAN 0354 NOTAL)

6. AS A RESULT OF ALL OF THIS BADRAN SAID HE TOOK AN EARLY OPPORTUNITY TO THANK FAHD FOR SAUDI GENEROSITY WHICH FAHD BADRAN SAID FREELY ACKNOWLEDGED. MONEY WA THEN USED AS BADRAN INDICATED TO ME.

7. BADRAN ALSO RECALLED THAT AT RIYADH JAN 9 FOREIGN MINISTERS CONFERENCE ON RABAT PAYMENTS SAUDI HAD PUBLICLY STATED THAT THEY HAD GIVEN SYRIA \$200 MILLION THIS YEAR AND HAD BEEN "MORE GENEROUS) WITH JORDAN THAN RABAT
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REQUIRED. JORDANIANS AGAIN THANKED SAUDIS AND URGED OTHERS PRESENT TO MAKE 1976 RABAT PAYMENTS

8. COMMENT. BADRAN WITHOUT SAYING SO ALLUDED TO SAUDI ARABIA'S POSITION PRESENT POSITION WITH JORDAN ON RABAT THAT THE PAYMENTS FROM SAUDI ARABIA ON HAWK ARE TO BE COUNTED AS PART OF RABAT. JORDANIAN VIEW IS THAT KING FAISAL PROMISED TO PAY FOR HAWK BEFORE RABAT, AND FUNDS GO DIRECTLY TO US HE NOW WONDERS WHETHER THE (CURRENT)ISSUE IS AN ERROR OR WHETHER IT WAS RAISED TO REINFORCE SAUDI POSTION ON THIS LAST POINT.

9. IN PAST DEPARTMENT HAS FELT IT UNWISE FOR US TO GET IN BETWEEN JORDAN AND SAUDI ARABIA ISSUES ON THIS SORT. KING AS YOU KNOW EXPECTS TO VISIT SAUDI ARABIA SOON. BADRAN TOLD ME TODAY WHEN I INQUIRED THAT BECAUSE OF HEAVY VISITOR SCHEDULE HERE, FIRST OPENING FOR SUCH A VISIT IS BETWEEN FEBRUARY 13 AND FEBRUARY 17. WE WOULD HAVE NO OBJECTION IF EMBASSY JIDDA WISHES TO THEIR CONVEYING

THE NATURE OF THE PROBLEM ON THIS END AS REFLECTED IN
BADRAN'S RESPONSE IN THE HOPE THAT SUCH WILL STIMULATE
BOTH SIDES TO DISCUSS QUESTION WHEN KING TRAVELS TO SAUDI
ARABIA. IN MEANTIME WE WOULD HOPE THERE WOULD BE NO
ACTION TAKEN AGAINST JORDANIAN OR SAUDI PROGRAMS AS A
RESULT OF THIS UNFORTUNATELY DEVELOPMENT. END COMMENT
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